

REPORT 25
OF THE
BOARD OF MANAGERS
OF THE
LEHIGH COAL
AND
NAVIGATION COMPANY,
TO THE
STOCKHOLDERS.

JANUARY 13, 1845.

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At an election held on the 13th of January, 1845, the following named persons were chosen officers of THE LEHIGH COAL AND NAVIGATION COMPANY, for the ensuing year, and until the next election:—

President.

JAMES COX.

Managers.

JOHN COX,

HENRY COPE,

JOSIAH WHITE,

CALEB COPE,

ERSKINE HAZARD,

WILLIAM PARKER,

TIMOTHY ABBOTT,

GEORGE ABBOTT,

THOMAS EARP,

JOSEPH FISHER.

Treasurer.

OTIS AMMIDON.

EDWIN WALTER,

Secretary.

At the Stated Annual meeting of the Stockholders of *The Lehigh Coal and Navigation Company*, held January 13, 1845:—

THOMAS P. COPE, *Chairman*;

The Board of Managers submitted a Report and other documents detailing their transactions for the past year and exhibiting, generally, the present condition of the Company's affairs, which were read and approved, and the Board was directed to publish the same, or such parts thereof as may be deemed expedient, for the information of the Stockholders.

The following resolution, recommended to the approval of the Stockholders by the Board of Managers, was read and considered, and was unanimously adopted by the meeting; namely:

“RESOLVED, *In pursuance of the authority granted by Act of Assembly, passed April 6, 1844, that the day for holding the annual meetings and elections of the Stockholders of this Company shall, after the present year, be the first Tuesday in May in every year, and that the days for declaring dividends shall be the fourth Tuesday in May and November in every year.*”

THOMAS P. COPE, *Chairman*.

EDWIN WALTER, *Secretary*.

REPORT.

IN accordance with the requirements of the charter, the Board of Managers submit to the Stockholders their annual Report, on "the situation of the concerns committed to their charge," as follows:

With slight and unimportant exceptions, the business of the Company has been conducted, throughout the past season, without interruption; and, although the varied resources of the Lehigh coal region, owing to the heavy disappointments and disasters with which, in former years, the Company has been visited, have now but little more than begun to be developed, the transportation of coal on their canal, during the past season, exhibits an increase over that of the preceding year of 109,268 tons; being at the rate of more than forty per cent. advance upon the quantity sent to market in the year 1843. And, should the demand warrant a continuance of efforts similar to those which have been made during the season which has just closed, it is believed that this rate of increase may be very nearly sustained for the year 1845.

The whole quantity of coal shipped upon the Lehigh in the year 1844 was as follows; namely:

From the old mines of the Company,	. 168,441
“ Room Run mines, “ . .	
leased to the Messrs. Packer,	. . 50,804

Making a total from Co's. mines of	219,245 tons
From the Beaver Meadow Co's. mines, .	70,379
“ “ Hazleton “ “ .	70,760
“ “ Sugar Loaf “ “ .	2,866
“ “ Buck Mountain “ “ .	13,844

Making the total of coal shipped, 377,094 tons.

The lumber sent to market from the Lehigh reached about twenty-one millions of feet; and this may be considered as a fair average of the quantity which will, for some years to come, continue to be despatched from the upper section of the navigation; to which, in all probability, considerable additions will, during the coming season, be made from the Susquehanna, by the way of the Company's railroad connecting Wilkesbarre with White Haven at the head of the ascending navigation of the Lehigh.

The following statement shows the amount and description of freight transported on the Canal during the past year; the tolls on which amounted to \$170,759,28.

LIST OF FREIGHT.

	ASCENDING. Tons. Cwt.	DESCENDING. Tons. Cwt.	TOTAL. Tons. Cwt.
Coal,	92 10	377002 04	377094 14
Grain, (69,120 bus.) . . .	787 12	940 10	1728 02
Flour, (53,284 brls.) . . .	752 13	4322 02	5074 15
Salt,	937 15		937 15
Salt Fish, Beef and Pork, .	358 17	07	359 04
Other Provisions,	195 01	3 05	198 06
Beer, Porter, and Cider, .	6 01	05	6 06
Whiskey,	43 01	293 18	336 19
Hay and Straw,	451 16		451 16
Lumber, (1000 ft.b.m.to ton.)	649 19	20036 11	20686 10
Cord Wood,	55 05	2559 10	2614 15
Brick,	1002 03	280	1282 03
Slate,	10 14	26	36 14
Lime and Limestone, . . .	6031 01	3290	9321 01
Other Stone and Plaster, .	1337 05	1373 10	2710 15
Iron,	1141 09	9560 15	10702 04
Iron Ore,	9998 18	3790 10	13789 08
Pitch, Tar, Rosin, &c., .	19 12		19 12
Merchandise,	3121 06	320 02	3441 08
	<hr/> 26992 18	<hr/> 423799 09	<hr/> 450792 07

Of the coal sent to market by this Company the whole has been disposed of, except a reserve, for the payment of interest on the Mortgage Loan.

The navigation continues to be in good condition throughout its entire length; and the Managers are more and more convinced of the value and importance of the improvements, conducive to increased strength and security, which were made in the works, while repairing the injury done to them by the memorable flood of 1841.

The connexion between White Haven and Wilkesbarre has, during the past season, been completed, by

the extension of the rail-road, and the laying of the rails from the North Branch Canal to the Borough.

The tunnel, too, a considerable portion of which, at the period of the last annual Report, remained to be finished, is now stated by the Company's engineer to be complete; and will, in the coming spring, be in condition for the passage of cars.

Much inquiry has been made and interest shown in relation to the completion of this road, by parties engaged in the coal and lumber business. And, should the amount of travel and transportation warrant it, the Managers will be prepared to put the stationary engines in operation, and to afford such other facilities, as may be required for the passage of a very considerable amount of tonnage.

In pursuance of the policy indicated in the last annual Report, of making preparation, in advance, for an enlarged supply of coal for future seasons, the Board are now running two drifts into the north side of the coal hill. One of these has passed through a vein of coal; and both are expected to reach, in the course of the present winter and coming spring, the principal strata forming the great mine.

Coal has been taken, regularly, through the past season, from the tunnel on the south side of the great mine; and a contract, for the present year, has been entered into for mining from it 40,000 tons; in addition to that which, under other contracts, will be taken from the Old and Summit mines.

At the Room Run mines a tunnel has been cut through to the 28 ft. vein, and is now going forward to the 5 ft. vein. This improvement will put it in the power of the lessees of those mines to increase the quantity, the approaching season, from 50,804 tons, (the past year's production,) to 80,000 or 100,000 tons. And, as the tunnel, if carried still farther forward, will ultimately cut through and drain all the strata in the valley, thus affording a breast below the old workings, of more than two hundred feet thick, it is evident that the production from these mines may be extended as rapidly as the demand and the facilities for getting the coal to market may warrant.

All that remained, then, for the Board to do, in order to enable them to give any desired extension to the Company's business, was, in accordance with the original design of the work, to enlarge and improve the facilities for transportation between the Old mines and the landing at Mauch Chunk, to an extent, in a much greater degree than at present, commensurate with the capacity of the navigation.

To this measure the Board, always studiously avoiding aggression upon other and rival interests, and always acting strictly on the defensive, have been driven by the excited and intense competition still persevered in between antagonist companies. The effect of this rivalry, carried almost to the length of personal hostility, has been to force upon this Com-

pany such a reduction in the price of coal and in the rates of toll, as to render absolutely necessary a great extension of our business, in order that the diminished profits per ton may, in the aggregate, produce the amount required to pay the interest and make provision for the principal of the Company's obligations.

The Managers, therefore, fully impressed with the necessity for this measure, have not hesitated to apply, under the advice of their counsel, a portion of the means at their disposal, to the construction of a *return* track from the place of shipment to the old mines; so that the empty cars, in their return to the mines, may no longer cause detention to the descent of the loaded ones. And the whole distance, in both directions, being run over by the power of gravity, the trips, which formerly occupied about four hours, will, under the new arrangement, be effected in two hours; and the trains, in either direction, may be put in motion so soon as they are ready. In addition to the facilities thus afforded for a great increase of business, a very important saving of expense will be effected by substituting, at the inclined planes, two stationary engines for the animal power now employed on the road. In this way, and so soon as the return track is completed and in operation, about three hundred mules may be dispensed with, on our *present* amount of business; and still leaving a continual power of expansion at a diminishing rate of expenditure.

Other and highly important advantages may confidently be expected to result from the completion of the return track. The Board has already, and in anticipation of the increased facilities to be derived from its use, been enabled to subdivide and to let the mines in small divisions, and to companies consisting of fewer persons than under the old plan. This system gives free scope to individual enterprise and emulation;—affords opportunity for a greater division of employments; and with its natural concomitants of increased diligence and attention to business on the part of the Contractors, may be carried to an extent which, with the single track of limited capacity, was utterly impracticable.

The road is now very nearly graded, and the contracts require the whole work to be finished and ready for use early in the coming season. The capacity of the road, under the arrangements contemplated, will be, as shown by the Company's engineer, not less than 600,000 tons per annum; and will be limited only by the power of the engines which it may be deemed expedient to place at the head of the planes.

Great improvements have also been introduced, during the past season, (although not fully matured till towards its close,) in the preparation of the broken coal. Revolving cast iron cylindrical grates, propelled by the power of steam, are now employed for this purpose; and, in conjunction with the improved rolling skreens erected and erecting at the landing, and

which are driven by water, will, for the future, secure the prepared coal being sent to market in the best possible condition, as respects an exact assortment of sizes and freedom from dust and impurities.

The success in the manufacture, in all its different branches, of iron with anthracite coal, has been such as to fulfil the most sanguine anticipations. Two furnaces are now in blast at the works of the Crane Company. One is in blast at the Glendon works of Charles Jackson, jr., Esq.; who has taken a large additional water power of the Company, for another furnace, to go into operation there in the coming spring. There is also one at South Easton; and one at Mauch Chunk; all on the Lehigh. These furnaces will produce 15,000 tons of iron, and create a market for more than 30,000 tons of coal per annum. A demand may, therefore, be expected speedily to arise for other water powers, to work up the abundant supplies of ore, limestone and coal, which the vicinity of the Lehigh furnishes, in contact with a good navigation both to Philadelphia and New York. And a glance at the freight list will show that iron, iron ore and limestone have already become very important items among those transported upon our navigation.

The Managers, in consequence of the failure to sell the Delaware Division, under the Act of the Legislature passed for that purpose, have again been disappointed in their hopes of at last seeing justice done to the interests which they represent, by the construc-

tion, under the provisions of the Act, of a connexion between the Delaware Canal and the feeder of the Delaware and Raritan Canal. By the denial of the proposed outlet, the commonwealth has already lost hundreds of thousands of dollars; and the products of industry on the Lehigh have, for many years, been most unjustly compelled to make an unnecessary circuit of fifty-four miles, in order to enter into competition, in the New York market, with similar products from other portions of the State.

The Board are, however, gratified to learn that the Morris Canal has recently, and by regular process of law passed with all its property and corporate franchises and relieved of debt and incumbrances, into the hands of a new Company.

Its present owners are now actively engaged in preparing their Canal for the passage of boats of the size of those employed on the Lehigh; with the confident expectation of having the navigation, in its enlarged and improved condition, open for business by the first of May or June next.

As they now hold the property at a very low cost, and free from all incumbrances, they express the determination to persevere in their efforts, until they make this route to the New York market in all respects preferable to any other.

One hundred boats, of sixty tons burden, intended for the carriage of coal on their canal, have been contracted for by the new Morris Canal Company, to be

ready for delivery in the approaching spring. And it is proposed to offer such inducements as will lead to the establishment of a line for the transportation of merchandise and emigrants direct from New York to Pittsburg, without transshipment; and which will deliver goods in the western country, under a bill of lading signed at New York.

The distance from New York to Pittsburg, by the Morris and Lehigh Canals, Wilkesbarre rail-road, and Susquehanna and Juniata route is 553 miles; whilst from New York by Philadelphia to Pittsburg, and subject to transshipment, it is not less than 554 miles.

The plan suggested by some of the Loanholders for the payment, in coal, of the interest on the Common Loan, has not yet received the assent of a sufficient number of the creditors of the Company to warrant the expectation of very early action under it. The signatures of parties holding 1,500,000 dollars have been obtained; but these are, evidently, not enough to justify the Managers in assuming the responsibility of a departure from conditions clearly laid upon them by the provisions of the General Mortgage, in accordance with which the affairs of the Company are now conducted.

But the great obstacle, to as speedy a resumption of the payment of interest on these loans, as the Managers could wish, consists in the amount of preferred debts which, under the Mortgage, must be dis-

charged, before the profits on the Company's business can be applied to the reduction of this interest.

In this connexion, then, it is gratifying to the Managers to have it in their power to inform the Loanholders that the large debt due to the Northampton Bank has been entirely discharged; and hopes are entertained that other parties, holding claims upon the Company of the same character, may be induced to enter into arrangements for a settlement, upon terms somewhat analogous to those, upon which the account with that institution was finally closed.

In reviewing the great difficulties with which we have had to contend, since the disastrous flood of January, 1841, by which the works of the Company sustained immense damage, we are satisfied that such of the Stockholders as may be disposed fully to inform themselves upon the subject, will concur with us in the opinion that it is far more a matter of surprise that so *much* has been accomplished, than that *more* has not been achieved.

The present improved position of the Company, affords the strongest evidence of the great value of the internal resources furnished by their coal mines, exclusive of their Canal and other property. The works will speedily reach that stage of completeness, in which no expenditures other than those necessary to their preservation will be required. And as our resources in the coal mines, &c., are more amply developed, we may confidently expect that they will

enable the Company to make more rapid progress in the extinguishment of its debts. From the statements submitted to the meeting, it will be seen that the result of the last season's business is much more favourable and encouraging than those which, for some years past, it has been in the power of the Managers to present to the Stock and Loanholders.

It will continue to be the pleasure, as it is the duty of the officers of the Company, to give to the Stockholders and to the Loanholders, full and frank answers to all reasonable inquiries in relation to the arduous trust which devolves upon them.

By order of the Board of Managers,

JAMES COX, *President*.

January 11, 1845.